

Company registration number: 3431210

Nameco (No. 21) Limited

Report and financial statements 31 December 2006



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Nameco (No. 21) Limited

Company information

Directors

J R H Evans
Nomina plc

Company Secretary

Hampden Legal PLC

Registered Office

85, Gracechurch Street
London
EC3V 0AA

Auditors

CLB Littlejohn Frazer
Chartered Accountants
and Registered Auditors
1 Park Place
Canary Wharf
London
E14 4HJ

Accountants

Axiom Consulting Limited
Lloyds Chambers
1 Portsoken Street
London E1 8DF

Solicitors

Jones Day
21, Tudor Street
London
EC4Y 0DJ

Nameco (No. 21) Limited

Report of the Directors

The Directors submit their Report together with the Financial Statements of the Company for the year ended 31 December 2006.

Principal Activities and Business Review

The principal activity of the Company is that of trading as a Lloyd's corporate capital member. The company ceased underwriting with effect from 1st January 2005 and will continue to wind up the liabilities arising from underwriting business prior to that date

The Financial Statements incorporate the annual accounting results of the syndicates on which the Company participates for the 2004, 2005 and 2006 years of account, as well as any 2003 and prior run-off years

Certain syndicates on which the Company participates have for a variety of reasons been unable to close. There is a greater than usual degree of uncertainty as to the eventual outcome of these accounts.

Results and Dividends

The results for the year are set out on pages 7 to 8 of the Financial Statements

Key Performance Indicators

The directors consider the following to be the key performance indicators of the Company

	2006	2005
Run-off years of account movement	6,130	(20,175)

Other Performance Indicators

As a result of the nature of this Company as a Lloyd's Corporate Member the majority of its activities are carried out by the syndicates in which it participates. The Company is not involved directly in the management of the syndicate's activities, including employment of syndicate staff, as these are the responsibility of the relevant Managing Agent. Each Managing Agent will also have responsibility for the environmental activities of each syndicate, although by their nature insurers do not produce significant environmental emissions. As a result, the Directors of the Company do not consider it appropriate to monitor and report any performance indicators in relation to staff or environmental matters.

Risk Management

As a corporate member of Lloyd's the majority of the risks to this Company's future cash flows arise from its participation in the results of Lloyd's syndicates. As detailed below, these risks are mostly managed by the Managing Agent of the syndicate

Nameco (No. 21) Limited

Report of the Directors (continued)

Syndicate Risks

The syndicate's activities expose it to a variety of financial and non-financial risks. The Managing Agent is responsible for managing the syndicate's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of the exposure to risk.

The insurance risks faced by a syndicate include the risk that the provision established to meet future claims is inadequate, and the risk that a substantial risk premium will be required to close syndicates currently in run-off. Reinsurance risks arise from the risk that a reinsurer fails to meet their share of a claim. The management of the syndicate's funds is exposed to risks of investment, liquidity, currency and interest rates leading to financial loss. The syndicates are also exposed to regulatory and operational risks. However, supervision by Lloyd's and the Financial Services Authority provide additional controls over the syndicate's management of risks.

Regulatory Risks

The company is subject to continuing approval by Lloyd's and the Financial Services Authority to be a member of a Lloyd's syndicate. The risk of this approval being removed is mitigated by monitoring and fully complying with all requirements in relation to membership of Lloyd's.

Operational Risks

As there are a relatively few transactions actually undertaken by the company there are only limited systems and staffing requirements of the company and therefore operational risks are not considered to be significant. Close involvement of all directors in the company's key decision making and the fact that the majority of the company's operations are conducted by syndicates provides control over any remaining operational risks.

Directors

The Directors who served at any time during the year were as follows.

J R H Evans
Nomina plc

Nameco (No. 21) Limited

Report of the Directors (continued)

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for ensuring that the Report of the Directors is prepared in accordance with company law in the United Kingdom.

Auditors

A resolution to reappoint CLB Littlejohn Frazer will be proposed at the next Annual General Meeting.

Disclosure of Information to Auditors

In the case of each of the persons who are Director's at the time this report is approved, the following applies

- (a) So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board



Hampden Legal PLC
Secretary

18th July 2007

Nameco (No. 21) Limited

Independent Auditors' report

Independent Auditor's report to the shareholders of Nameco (No. 21) Limited

We have audited the Financial Statements of Nameco (No. 21) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Accounting Policies and the related notes 1 to 22. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described by the Statement of Directors' Responsibilities, the Company's Directors are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the Financial Statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial Statements, and of whether the Accounting Policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Nameco (No. 21) Limited

Independent Auditors' report (continued)

Opinion

In our opinion

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended,
- and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the Financial Statements

Emphasis of Matter – Run-off years of account

Without qualifying our opinion we draw your attention to the disclosure in note 21 to the Financial Statements concerning the material uncertainties that have lead to syndicate years of account being unable to close at their normal date or subsequently and as a result being placed in run-off



CLB Littlejohn Frazer

Chartered Accountants
and Registered Auditors

20th July 2007

1 Park Place
Canary Wharf
London E14 4HJ

Nameco (No. 21) Limited

Profit and loss account

Technical account – general business

For the year ended 31 December 2006

	Note	2006 £	2005 £
Premiums Written			
Gross premiums written	1	5,351	19,372
Outward reinsurance premiums		(1,288)	(6,947)
Net Premiums Written		<u>4,063</u>	<u>12,425</u>
Change in the provision for Unearned premiums			
Gross Provision		11,896	154,524
Reinsurers' share		(1,555)	(17,998)
Earned Premiums, Net of Reinsurance		<u>14,404</u>	<u>148,951</u>
Allocated Investment Return			
Transferred from the Non-Technical Account		21,960	19,045
Claims Paid			
Gross Amount		(158,426)	(230,710)
Reinsurers' share		51,578	74,553
Net claims paid		<u>(106,848)</u>	<u>(156,157)</u>
Change in Provision for Claims			
Gross amount		162,897	88,481
Reinsurers' share		(54,216)	(28,894)
Change in net provision for claims		<u>108,681</u>	<u>59,587</u>
Claims Incurred, Net of Reinsurance		1,833	(96,570)
Changes in other technical provisions, net of reinsurance		-	-
Net operating expenses	3	(21,406)	(60,863)
Other technical charges, net of reinsurance		-	-
Balance on the Technical Account for General Business		<u>16,791</u>	<u>10,563</u>

The accounting policies and notes on pages 14 to 26 form part of these Financial Statements

Nameco (No. 21) Limited

Profit and loss account

Non - technical account

For the year ended 31 December 2006

	Note	2006 £	2005 £
Balance on Technical Account for General Business		16,791	10,563
Investment income	4	22,823	24,018
Unrealised gains on investments		2,818	1,966
Investment expenses and charges	5	(2,678)	(2,969)
Unrealised losses on investments		(1,003)	(3,970)
Allocated investment return transferred to the general business technical account		(21,960)	(19,045)
Other income		-	-
Other charges		(5,005)	(4,304)
Profit/(loss) on ordinary activities before taxation	6	11,786	6,259
Tax on profit/(loss) on ordinary activities	7	(307)	(390)
Profit/(loss) for the financial year	14	11,479	5,869

All amounts relate to discontinued operations

The accounting policies and notes on pages 14 to 26 form part of these Financial Statements

Nameco (No. 21) Limited

Balance sheet

As at 31 December 2006

		31 December 2006			31 December 2005		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Assets							
Intangible assets	9	-	-	-	-	-	-
Investments							
Financial investments	10	322,860	-	322,860	433,161	-	433,161
Deposits with ceding undertakings		176	-	176	230	-	230
		323,036	-	323,036	433,391	-	433,391
Reinsurers' share of technical provisions							
Provision for unearned premiums		-	-	-	1,785	-	1,785
Claims outstanding		156,262	-	156,262	228,294	-	228,294
Other technical provisions		-	-	-	-	-	-
		156,262	-	156,262	230,079	-	230,079
Debtors							
Arising out of direct insurance operations	11	10,804	-	10,804	25,098	-	25,098
Arising out of reinsurance operations	11	31,198	-	31,198	44,953	-	44,953
Other debtors	12	39,313	126,627	165,940	38,941	48,551	87,492
Unpaid share capital		-	-	-	-	126,745	126,745
		81,315	126,627	207,942	108,992	175,296	284,288
Other assets							
Cash at bank and in hand		36,483	3,043	39,526	69,815	2,202	72,017
Other		27,553	-	27,553	45,498	-	45,498
		64,036	3,043	67,079	115,313	2,202	117,515
Prepayments and accrued income							
Accrued interest		1,760	-	1,760	1,515	-	1,515
Deferred acquisitions costs		124	-	124	4,892	-	4,892
Other prepayments and accrued income		315	-	315	378	-	378
		2,199	-	2,199	6,785	-	6,785
Total assets		626,848	129,670	756,518	894,560	177,498	1,072,058

The accounting policies and notes on pages 14 to 26 form part of these Financial Statements


Nameco (No. 21) Limited

Balance sheet

As at 31 December 2006

		31 December 2006			31 December 2005		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Liabilities and shareholders' funds							
Capital and reserves							
Called up share capital	13	-	126,746	126,746	-	126,746	126,746
Share premium account		-	-	-	-	-	-
Profit and loss account	14	41,603	(304,519)	(262,916)	69,796	(344,191)	(274,395)
Shareholders' funds – attributable to equity interests							
	15	41,603	(177,773)	(136,170)	69,796	(217,445)	(147,649)
Technical provisions							
Provision for unearned premiums		809	-	809	18,995	-	18,995
Claims outstanding – gross amount		538,406	-	538,406	763,430	-	763,430
Other technical provisions		-	-	-	-	-	-
Provisions for other risks and charges							
Deferred taxation	16	-	-	-	-	-	-
Other		-	-	-	-	-	-
Deposit received from reinsurers		1,176	-	1,176	2,580	-	2,580
Creditors							
Arising out of direct insurance operations		8,148	-	8,148	7,391	-	7,391
Arising out of reinsurance operations		17,526	-	17,526	21,431	-	21,431
Amounts owed to credit Institutions		32	-	32	86	-	86
Other creditors including taxation and social security	17	32,801	290,932	323,733	33,161	365,692	398,853
		598,898	290,932	889,830	847,074	365,692	1,212,766
Accruals and deferred income		(13,653)	16,511	2,858	(22,310)	29,251	6,941
Total liabilities		626,848	129,670	756,518	894,560	177,498	1,072,058

Approved by the Board of Directors on 18th July 2007
and signed on its behalf by.



Nomina plc
Director

The accounting policies and notes on pages 14 to 26 form part of these Financial Statements

Nameco (No. 21) Limited

Cash flow statement

For the year ended 31 December 2006

	Note	2006 £	2005 £
Operating activities			
Net cash inflow/(outflow) from operating activities	18	(163)	(127,488)
Returns on investments and servicing of finance		-	-
Capital expenditure			
Purchase of syndicate capacity		-	-
Proceeds from sale of syndicate capacity		-	-
Taxation			
Corporation tax (paid)/refunded		1,004	(390)
Equity dividends paid		-	-
Financing			
Issue of shares		-	126,745
Share issue expenses		-	-
Net cash inflow/(outflow) for the year	18	<u>841</u>	<u>(1,133)</u>
Cash flows were invested as follows:			
Increase/(decrease) in cash holdings	18	841	(599)
Purchase of financial investments		-	-
Sale of financial investments		-	(534)
Net investment of cash flows		<u>841</u>	<u>(1,133)</u>

The Company has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the cash flow statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the syndicates at Lloyd's

The accounting policies and notes on pages 14 to 10 form part of these Financial Statements

Nameco (No. 21) Limited

Accounting Policies

For the year ended 31 December 2006

Basis of Preparation

The Financial Statements are prepared under the historical cost basis of accounting modified to include the revaluation of investments and comply with applicable Accounting Standards

The Company participates in insurance business as an underwriting member of various syndicates at Lloyd's

The Financial Statements have been prepared in accordance with Section 255 of, and Schedule 9A of the Companies Act 1985 and the recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005, as amended in December 2006, except that exchange differences arising on syndicate assets and liabilities are dealt with in the technical account as all of these differences arise from technical account transactions

Accounting information in respect of the syndicate participations has been provided by the Syndicate's managing agent and has been reported upon by the syndicate auditors

Basis of Accounting

The Financial Statements are prepared using the annual basis of accounting. Under the annual basis of accounting a result is determined at the end of each accounting period reflecting the profit or loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods

Amounts reported in the general business technical account relate to movements in the period in respect of all relevant years of account of the syndicates on which the Company participates

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the syndicates' managing agents. Accordingly, these assets and liabilities have been shown separately in the balance sheet as "Syndicate Participation". Other assets and liabilities are shown as "Corporate". The syndicate assets are held subject to trust deeds for the benefit of the syndicates' insurance creditors.

Nameco (No. 21) Limited

Accounting Policies

For the year ended 31 December 2006

General Business

i Premiums

Premiums written comprise the total premiums receivable in respect of business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the syndicates on which the Company participates, less an allowance for cancellations. All premiums are shown gross of commission payable to intermediaries and exclude taxes and duties levied on them.

ii. Unearned Premiums

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the Balance Sheet date, calculated on a time apportionment basis having regard where appropriate, to the incidence of risk. The specific basis adopted by each syndicate is determined by the relevant Managing Agent.

iii Deferred Acquisition Costs

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

iv Reinsurance Premiums

Reinsurance premium costs are allocated by the Managing Agent of each syndicate to reflect the protection arranged in respect of the business written and earned.

v Claims Incurred and Reinsurers' Share

Claims incurred comprise claims and settlement expenses (both internal and external) occurring in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and settlement expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

The provision for claims outstanding comprises amounts set aside for claims notified and claims incurred but not yet reported (IBNR). The amount included in respect of IBNR is based on statistical techniques of estimation applied by each syndicate's in-house reserving team and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

Nameco (No. 21) Limited

Accounting Policies

For the year ended 31 December 2006

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to each syndicate's reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. Each syndicate uses a number of statistical techniques to assist in making these estimates.

Accordingly the two most critical assumptions made by each syndicates Managing Agent as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used including pricing models for recent business are reasonable indicators of the likely level of ultimate claims to be incurred.

The level of uncertainty with regard to the estimations within these provisions generally decreases with time since the underlying contracts were exposed to new risks. In addition the nature of short tail claims such as property where claims are typically notified and settled within a short period of time will normally have less uncertainty after a few years than long tail risks such as some liability business where it may be several years before claims are fully advised and settled. In addition to these factors if there are disputes regarding coverage under policies or changes in the relevant law regarding a claim this may increase the uncertainty in the estimation of the outcomes.

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses. The provisions for gross claims and related reinsurance recoveries have been assessed on the basis of the information currently available to the directors of each syndicate's managing agent. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

vi Unexpired Risks Provision

Provisions for unexpired risks are made where the costs of outstanding claims, related expenses and deferred acquisition costs are expected to exceed the unearned premium provision carried forward at the balance sheet date. The provision for unexpired risks is calculated separately by reference to classes of business which are managed together, after taking into account relevant investment return. The provision is made on a syndicate by syndicate basis by the relevant Managing Agent.

vii Closed Years of Account

At the end of the third year, the underwriting account is normally closed by reinsurance into the following year of account. The amount of the reinsurance to close premium payable is determined by the managing agent, generally by estimating the cost of claims notified but not settled at 31 December, together with the estimated cost of claims incurred but not reported at that date, and an estimate of future claims handling costs.

Nameco (No. 21) Limited

Accounting Policies

For the year ended 31 December 2006

Any subsequent variation in the ultimate liabilities of the closed year of account is borne by the underwriting year into which it is reinsured

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring syndicate was unable to meet its obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle outstanding claims

The Directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle the liabilities outstanding at the closure of an underwriting account. The Company has included its share of the reinsurance to close premiums payable as technical provisions at the end of the current period, and no further provision is made for any potential variation in the ultimate liability of that year of account

viii Run-off Years of Account

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities of that year. The provision is determined initially by the managing agent on a similar basis to the reinsurance to close. However, any subsequent variation in the ultimate liabilities for that year remains with the corporate member participating therein. As a result any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close

ix. Net Operating Expenses (including Acquisition Costs)

Net operating costs include acquisition costs, profit and loss on exchange and other amounts incurred by the syndicates on which the Company participates

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the Balance Sheet date

x Distribution of Profits and Collection of Losses

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between syndicates and their members. Lloyd's continues to require membership of syndicates to be on an underwriting year of account basis and profits and losses belong to members according to their membership of a year of account. Normally profits and losses are transferred between the syndicate and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. The syndicate may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

Nameco (No. 21) Limited

Accounting Policies

For the year ended 31 December 2006

x1 Investments

Investments are stated at current value, including accrued interest at the Balance Sheet date

x11 Investment Return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges

Realised and unrealised gains and losses are measured by reference to the original cost of the investment if purchased in the year, or if held at the beginning of the year by reference to the current value at that date.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account to reflect the investment return on funds supporting the underwriting business

x111 Basis of Currency Translation

Syndicates maintain separate funds in Sterling, United States dollars, Canadian dollars and Euros

Income and expenditure in US dollars, Canadian dollars and Euros is translated at the average rate of exchange for the year. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed

Assets and liabilities are translated into Sterling at the rates of exchange at the Balance Sheet date

Differences arising on translation of foreign currency amounts in syndicates are included in the technical account

x1v. Debtors/Creditors arising from Insurance/Reinsurance Operations

The amounts shown in the Balance Sheet include the totals of all the Syndicates outstanding debit and credit transactions as processed by the Lloyd's central facility, no account has been taken of any offsets which may be applicable in calculating the net amounts due between the Syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate

Nameco (No. 21) Limited

Accounting Policies

For the year ended 31 December 2006

Taxation

The Company is taxed on its results including its share of underwriting results declared by the syndicates and these are deemed to accrue evenly over the calendar year in which they are declared. The syndicate results included in these Financial Statements are only declared for tax purposes in the calendar year following the normal closure of the year of account. No provision is made for corporation tax in relation to open years of account. However, full provision is made for deferred tax on underwriting results not subject to current corporation tax.

HM Revenue & Customs agrees the taxable results of the syndicates at a syndicate level on the basis of computations submitted by the managing agent. At the date of the approval of these Financial Statements the syndicate taxable results of years of account closed at this and at previous year ends may not have been fully agreed with HM Revenue & Customs. Any adjustments that may be necessary to the tax provisions established by the Company, as a result of HM Revenue & Customs agreement of syndicate results, will be reflected in the Financial Statements of subsequent periods.

Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax assets and liabilities have not been discounted.

Intangible Assets

Costs incurred by the Company in the Corporation of Lloyd's auctions in order to acquire rights to participate on syndicates' underwriting years are included within intangible fixed assets and amortised over a 5 year period beginning in the year following the purchase of the syndicate participation.

Cash Flow Statement

The Company has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the Cash Flow Statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from syndicates at Lloyd's.

Nameco (No. 21) Limited

Notes to the Financial Statements For the year ended 31 December 2006

1. Class of Business	Gross Written Premiums £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
2006						
Direct Insurance						
Accident and health	89	460	(804)	(873)	(370)	(1,587)
Motor – third party liability	60	232	313	(137)	(302)	106
Motor – other classes	435	1,028	2,507	(1,269)	(1,212)	1,054
Marine, aviation and transport	952	1,853	2,789	(2,868)	(2,220)	(446)
Fire and other damage to property	3,601	4,945	11,216	(6,389)	(6,864)	2,908
Third party liability	(1,600)	2,020	(5,617)	(5,456)	8,764	(289)
Credit and suretyship	(393)	189	(1,236)	(632)	333	(1,346)
Legal expenses	88	94	790	(358)	(461)	65
Assistance	-	-	-	-	-	-
Miscellaneous	(18)	(18)	33	2	6	23
	3,214	10,803	9,991	(17,980)	(2,326)	488
Reinsurance	2,137	6,444	(5,520)	(3,426)	(3,155)	(5,657)
Total	5,351	17,247	4,471	(21,406)	(5,481)	(5,169)
2005						
Direct Insurance						
Accident and health	1,685	6,681	(6,877)	(3,397)	(1,423)	(5,016)
Motor – third party liability	28	900	(132)	(728)	(643)	(603)
Motor – other classes	(542)	8,995	(3,550)	(2,899)	842	3,388
Marine, aviation and transport	4,800	17,168	(14,893)	(5,771)	3,926	430
Fire and other damage to property	498	49,440	(19,929)	(16,150)	3,800	17,161
Third party liability	6,208	49,607	(46,364)	(15,182)	(150)	(12,089)
Credit and suretyship	50	4,382	(17,685)	(2,470)	1,994	(13,779)
Legal expenses	134	220	(2,723)	(504)	193	(2,814)
Assistance	-	-	-	-	(81)	(81)
Miscellaneous	59	450	(270)	51	(9)	222
	12,920	137,843	(112,423)	(47,050)	8,449	(13,181)
Reinsurance	6,452	36,053	(29,806)	(13,813)	12,265	4,699
Total	19,372	173,896	(142,229)	(60,863)	20,714	(8,482)

Nameco (No. 21) Limited

Notes to the Financial Statements For the year ended 31 December 2006

2. Geographical Analysis	2006	2005
	£	£
Direct Gross Premium Written in:		
United Kingdom	3,214	12,942
Other EU Member States	-	-
Rest of the World	-	(22)
	<u>3,214</u>	<u>12,920</u>
3. Net Operating Expenses	2006	2005
	£	£
Acquisition costs	(48)	2,100
Change in deferred acquisition costs	4,634	34,537
Administrative expenses	16,985	26,710
Loss/(Profit) on exchange	(165)	(2,484)
	<u>21,406</u>	<u>60,863</u>
4. Investment Income	2006	2005
	£	£
Income from investments	18,777	21,487
Gains on the realisation of investments	1,625	1,829
Bank deposit interest	2,421	702
	<u>22,823</u>	<u>24,018</u>
5. Investment Expenses and Charges	2006	2005
	£	£
Investment management expenses, including interest	342	439
Losses on the realisation of investments	2,336	2,530
	<u>2,678</u>	<u>2,969</u>
6. Profit/(Loss) on Ordinary Activities before Taxation	2006	2005
	£	£
This is stated after charging		
Directors remuneration	-	-
Auditors' remuneration - audit	120	120
Auditors' remuneration – taxation	-	-
Amortisation of syndicate capacity	-	-
Interest on bank loan and overdrafts	-	-
Interest on other loans	-	-
The Company has no employees	-	-

Nameco (No. 21) Limited

Notes to the Financial Statements For the year ended 31 December 2006

7. Taxation

Analysis of Charge in Period

- Current tax:
UK corporation tax on profit/(loss) of the period
Adjustment in respect of previous period

Foreign tax
Total current tax
Deferred tax
Origination and reversal of timing differences

	2006 £	2005 £
	-	-
	-	-
	-	-
	307	390
	307	390
	-	-
	307	390

Factors affecting tax charge for period

The tax assessed for the period is different to the standard rate of corporation tax in the UK (19% (19% 2005)) The differences are explained below

Profit/(loss) on ordinary activities before tax
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2005 – 19%)

Effects of
Underwriting results subject to timing differences for taxation
Utilisation of tax losses
Foreign tax
Amortisation and other corporation computation adjustments
Marginal or starting rates of taxation and prior period adjustment

Current tax charge for the period

	11,786	6,259
	2,239	1,189
	(1,932)	70,642
	-	(71,757)
	307	390
	(307)	(74)
	-	-
	307	390

The results of the Company's participation on the 2004, 2005 and 2006 years of account and the calendar year movement on 2003 and prior run-offs, will not be assessed to tax until the year ended 31 December 2007, 2008 and 2009 respectively being the year after the calendar year result of each run-off year or the normal date of closure of each year of account

Nameco (No. 21) Limited

Notes to the Financial Statements For the year ended 31 December 2006

8. Dividends	2006	2005
	£	£
Equity dividends declared and paid	-	-
	<hr/>	<hr/>
9. Intangible Assets	2006	2005
	£	£
Purchased syndicate capacity		
Cost		
At 1 January 2006	-	-
Additions	-	-
Disposals	-	-
	<hr/>	<hr/>
At 31 December 2006	-	-
	<hr/>	<hr/>
Amortisation		
At 1 January 2006	-	-
Provided during the year	-	-
Disposals	-	-
	<hr/>	<hr/>
At 31 December 2006	-	-
	<hr/>	<hr/>
Net Book Value		
At 31 December 2006	-	-
	<hr/>	<hr/>
At 31 December 2005	-	-
	<hr/>	<hr/>

Nameco (No. 21) Limited

Notes to the Financial Statements For the year ended 31 December 2006

10. Investments

Other Financial Investments - Syndicate

	2006		2005	
	Market Value £	Cost £	Market Value £	Cost £
Shares and other variable yield securities and units in unit trusts	32,383	31,303	24,375	23,238
Debt securities and other fixed income securities	263,320	263,287	383,219	384,645
Participation in investment pools	3,111	3,043	2,576	2,485
Loans secured by mortgages	873	889	1,111	1,135
Other loans	994	994	-	-
Deposits with credit institutions	17,099	17,061	21,575	21,491
Other	5,080	5,080	305	379
	<u>322,860</u>	<u>321,657</u>	<u>433,161</u>	<u>433,373</u>
Listed investments included within the above	298,814	297,633	410,170	410,368

Other Financial Investments - Corporate

Shares and other variable yield securities	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-
Participation in investment pools	-	-	-	-
Loans guaranteed by mortgage	-	-	-	-
Other loans	-	-	-	-
Deposits with credit institutions	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Listed investments included within the above	-	-	-	-

11. Debtors arising out of Direct Insurance and Reinsurance Operations

	Syndicate Participation £	Corporate £	2006 Total £	Syndicate Participation £	Corporate £	2005 Total £
The following amounts due after one year						
Direct insurance operations	1	-	1	303	-	303
Reinsurance operations	57	-	57	706	-	706
	<u>58</u>	<u>-</u>	<u>58</u>	<u>1,009</u>	<u>-</u>	<u>1,009</u>

Nameco (No. 21) Limited

Notes to the Financial Statements For the year ended 31 December 2006

12. Other Debtors

	Syndicate Participation £	Corporate £	2006 Total £	Syndicate Participation £	Corporate £	2005 Total £
Amounts due from group undertakings	-	-	-	-	-	-
Funds at Lloyd's	-	115,531	115,531	-	32,596	32,596
Other	39,313	11,096	50,409	38,941	142,700	181,641
	<u>39,313</u>	<u>126,627</u>	<u>165,940</u>	<u>38,941</u>	<u>175,296</u>	<u>214,237</u>

Funds at Lloyd's represents assets deposited with the Corporation of Lloyd's (Lloyd's) to support the Company's underwriting activities as described in the Accounting Policies. The Company has entered into a Lloyd's Deposit Trust Deed which gives the Corporation the right to apply these monies in settlement of any claims arising from the participation on the syndicates. These monies can only be released from the provision of this Deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset, or after the expiration of the Company's liabilities in respect of its underwriting.

13. Called-up Share Capital

	2006 Authorised	2006 Allotted, called-up and fully paid	2005 Authorised	2005 Allotted, called-up and fully paid
Ordinary £1 shares	126,750	126,746	100	126,746

14. Profit and Loss Account

	Syndicate Participation £	Corporate £	2006 Total £	Syndicate Participation £	Corporate £	2005 Total £
Retained profit/(loss) brought forward	69,796	(344,191)	(274,395)	99,872	(380,136)	(280,264)
Reallocate distribution	(49,975)	49,975	-	(49,909)	49,909	-
Profit/(loss) for the financial year	21,782	(10,303)	11,479	19,833	(13,964)	5,869
Equity dividends	-	-	-	-	-	-
Retained profit/(loss) carried forward	<u>41,603</u>	<u>(304,519)</u>	<u>(262,916)</u>	<u>69,796</u>	<u>(344,191)</u>	<u>(274,395)</u>

15. Reconciliation of Movements in Shareholders' Funds

	2006 £	2005 £
Opening shareholders funds	(147,649)	(153,518)
Profit/(loss) for the financial year	11,479	5,869
Equity dividends	-	-
Proceeds from issue of shares	-	-
Closing shareholders' funds	<u>(136,170)</u>	<u>(147,649)</u>

Nameco (No. 21) Limited

Notes to the Financial Statements For the year ended 31 December 2006

16. Deferred Taxation	2006	2005
	£	£
Opening balance	-	-
Profit and loss account charge	-	-
Closing balance	-	-

17. Other Creditors including Taxation and Social Security

	Syndicate Participation £	Corporate £	2006 Total £	Syndicate Participation £	Corporate £	2005 Total £
Corporation tax	-	-	-	-	-	-
Proprietors' loan accounts	-	262,262	262,262	-	336,533	336,533
Third Party Funds	-	-	-	-	-	-
Other creditors	32,801	28,670	61,471	33,161	29,159	62,320
Amount due to group undertakings	-	-	-	-	-	-
	32,801	290,932	323,733	33,161	365,692	398,853

18. Reconciliation of Operating Profit to Net Cash Inflow/(Outflow) from Operating Activities	2006	2005
	£	£
Profit or loss on ordinary activities before tax	11,786	6,259
(Profit)/loss attributable to syndicate transactions	28,193	30,076
Profit or loss – excluding syndicate transactions	39,979	36,335
(Increase)/decrease in debtors	48,669	(145,561)
Increase/(decrease) in creditors	(87,500)	(18,262)
(Profit)/loss on disposal of intangible assets	-	-
Amortisation of syndicate capacity	-	-
Impairment of syndicate capacity	-	-
Unrealised (gain)/loss on revaluation of investments	(1,311)	-
Net cash inflow/(outflow) from operating activities	(163)	(127,488)
Movement in cash		
Opening cash	2,202	2,801
Movement in cash	841	(599)
Closing cash	3,043	2,202

Nameco (No. 21) Limited

Notes to the Financial Statements For the year ended 31 December 2006

19. Related party disclosure

R R Spiegel is the beneficial owner of the company's shares

Mr J.R.H Evans, a director of the company, is also a director of Nomina plc which administers the conversion scheme in which the company participates. Nomina plc charges a fixed management fee of £2,500 (2005: £2,500) to cover all the costs of basic administration of the company.

20. Ultimate Controlling Party

The Company is controlled by R R Spiegel

21. Syndicate run-off years of account

The Company participates on a number of years which have not been closed at their normal date

Whilst the Directors consider the technical provision for outstanding claims is the best estimate that can be made on the basis of information currently available, the estimate is subject to change. Accordingly the determination of the underwriting result for the year and any related provisions for run-off years of account losses is fundamentally uncertain and the eventual result might be higher or lower.

Nameco (No. 21) Limited

Notes to the Financial Statements For the year ended 31 December 2006

22. Syndicate Participation

The principal syndicates or members' agent pooling arrangements ("MAPA") in which the Company participates as an underwriting member are as follows

Syndicate or MAPA Number:	Managing Agent	2006 Allocated Capacity £	2005 Allocated Capacity £	2004 Allocated capacity £	2003 Allocated Capacity £
1245	Heritage Managing Agency Ltd	-	-	31,398	30,000
7200	Members' Agents Pooling Arrangement	-	-	39,713	37,500
7201	Members' Agents Pooling Arrangement	-	-	210,699	184,500
7202	Members' Agents Pooling Arrangement	-	-	85,800	78,000